

# **NEWS RELEASE**

**NEW JERSEY TURNPIKE AUTHORITY**

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## **MFSNT PROVIDES FURTHER ASSURANCES FOR THE DELIVERY OF A VIOLATIONS PROCESSING CENTER**

**January 22, 1999**

### ***FOR IMMEDIATE RELEASE***

EAST BRUNSWICK, NJ -The New Jersey Turnpike Authority ("Turnpike Authority"), as lead agency for the Consortium for the Implementation of a Regional Electronic Toll Collection System, announced today that MFS Network Technologies ("MFSNT"), the contractor implementing the electronic toll collection technology known as E-ZPass in Delaware and New Jersey, has issued a letter to the Turnpike Authority addressing MFSNT's strategy to provide an operational Violations Processing Center ("VPC"). The issuance of the letter ends several days of discussion which began as the result of MFSNT's inability to provide a VPC in accordance with the terms of the March 10, 1998 Project Agreement. A copy of the January 21, 1999 letter is attached.

In its letter, MFSNT has presented a plan to cure its default under the Project Agreement and bring the status of the Project up to the required standards. Specifically, MFSNT has agreed to dedicate appropriate staff to perform the work necessary to deliver an operational VPC and to do so without interruption. Additionally, MFSNT has agreed to pay \$25,000 per day to the Consortium attributable to lost toll revenue and administrative fees which result from the lack of an operational VPC. "The commitments made by MFSNT to the Consortium demonstrate a good faith effort by MFSNT to remedy the deficiencies associated with the VPC," said Edward Gross, Executive Director of the Turnpike Authority. "Further, we believe that the financial consequences MFSNT has imposed upon itself are an adequate incentive for them to meet the standards of the Project Agreement as quickly as possible."

MFSNT has assured the Consortium that progress on the other elements of the Project will not be impacted by the concentrated effort being applied to the completion of the VPC. In view of all of MFSNT's commitments, the Consortium has agreed to accept the proposal set forth by MFSNT in its letter and to withhold further action with respect to the inability of MFSNT to provide an operational VPC in accordance with the original schedule.

The Turnpike Authority has scheduled a press conference at its Administration Building in East Brunswick, NJ for Tuesday, January 26, 1999 at 2:00 p.m. to discuss the status of the Project. It is anticipated that representatives of MFSNT will be present to answer press inquiries.

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MFS Network Technologies, Inc.  
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January 21, 1999

Mr. Edward Gross  
Executive Director  
New Jersey Turnpike Authority  
Administration Building  
P.O. Box 1121  
New Brunswick, NJ 08903

Dear Mr. Gross:

The purpose of this letter is to confirm the points of agreement reached between MFS Network Technologies, Inc. ("MFSNT") and the New Jersey Turnpike Authority ("NJTA") as the lead Agency for the Consortium at several meetings which took place on January 20 and 21, 1999. Those meetings were held to discuss the situation arising from MFSNT's failure to deliver an operational Violations Processing Center ("VPC") pursuant to the terms of the contract dated March 10, 1998 between NJTA and MFSNT ("the Contract").

We would like to begin by reaffirming MFSNT's intention to comply in all respects with the terms and conditions of the Contract. We recognize that MFSNT's performance has, to date, been unsatisfactory, but we assure you that we intend to take such steps as are necessary to remedy the situation. MFSNT acknowledges its obligation to complete the Project, as defined in the Contract (the "Project"), in accordance with the Contract and MFSNT fully intends to honor that obligation.

We fully understand and agree with the concerns which the Consortium Member Agencies expressed at the meetings to which we have referred. To alleviate those concerns, MFSNT agrees without reservation to the following:

1. MFSNT will comply with the schedule that is attached hereto and made a part hereof as Exhibit A. This schedule sets forth the timetable and elements for delivery of an operational VPC. MFSNT will also attain satisfactory completion of the milestones within that schedule.
2. Attached hereto as Exhibit B is a table of personnel resources which MFSNT will devote to the development of the VPC. This table identifies by name and/or function those persons who will work on that development, and, based on the schedule referenced in paragraph 1, the number of man-hours required. The persons so identified will not be allocated to any other work until such time as the VPC is operational.

3. The resources referenced in the preceding paragraph will not be drawn from the teams working on other elements of the Project without first obtaining your written consent, which consent shall not be unduly withheld or delayed.
4. MFSNT will not divert personnel currently working on the Project to other projects without first a) submitting a proposed substitute person together with the qualifications of that person and b) obtaining the written consent of the NJTA which shall be exercised in its sole and absolute discretion.
5. With regard to those portions of the Project involving the South Jersey Transportation Authority ("SJTA") and the Delaware Department of Transportation ("DelDOT"), MFSNT will meet with SJTA and DelDOT immediately to identify and assign an adequate staffing level on MFSNT's part to deliver those aspects of the Project consistent with the requirements of the Contract. For this purpose, MFSNT will develop a table of personnel resources similar to that described in paragraph 2 above.
6. MFSNT has executed the Documentation Escrow Agreements and tenders them with this letter for execution by the NJTA. MFSNT further agrees to deliver to the escrow agent immediately upon execution of the Documentation Escrow Agreements by the escrow agent, on industry standard magnetic media the source code, command and control files, object code, and executable code for the CSC, ETC and Fiber Optic Systems. The magnetic media shall be identified as to the format, the utility used to generate the media, the version number of the utility and a catalogue of its content. MFSNT further agrees to deposit the balance of the CSC System Documentation, the ETC System Documentation and the Fiber Optic System Documentation (in each case as defined in the relevant Documentation Escrow Agreement) with the escrow agent based on a schedule agreed to by the parties.
7. MFSNT acknowledges that, with the exception of the VPC schedule referenced in paragraph 1 above, this letter does not constitute an amendment of the Contract. Further, MFSNT acknowledges that this letter does not give rise to a claim for a Change Order, as defined in the Contract.
8. MFSNT acknowledges and confirms its obligation to pay liquidated damages in the sum of \$5,000 per day from December 23, 1998 through January 15, 1999 and that the NJTA has the right to deduct those liquidated damages from amounts due and owing to MFSNT from the next Disbursement Certificate approved for payment pursuant to the Contract.
9. MFSNT will compensate the Consortium Member Agencies for lost potential toll revenues and Administrative Fees, as defined in the Contract, at a rate of \$25,000 per day from January 16, 1999 until the NJTA issues the letter referenced in paragraph 10. In satisfaction of its obligations under this paragraph 9, each Disbursement Certificate submitted by MFSNT shall direct that 25% of the gross amount shall be paid by the Trustee directly to Chase for the account of the Consortium Member Agencies until such time as the amounts due under this paragraph have been discharged.
10. If MFSNT performs the obligations set forth in this letter and the Contract so that MFSNT produces an operational VPC by the date required pursuant to the schedule

referenced in paragraph 1 then, in that event, the NJTA will send MFSNT a letter rescinding its letter of December 29, 1998 declaring MFSNT to be in default under the Contract and MFSNT will no longer be considered as being in default with respect to its failure to deliver an operational VPC.

In closing, we would like to thank both you and the Consortium Member Agencies for the professional and cooperative manner in which you entered into our recent discussions. We take this as an encouraging sign that we can, working closely and in a spirit of understanding, move this Project forward to a successful conclusion. If we have correctly summarized the agreements reached, please approve the attached copy of this letter and return same to us.

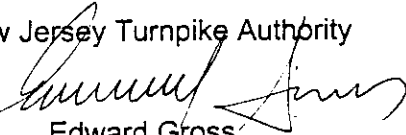
Yours sincerely,



G. Vance Cartee  
Vice - President  
MFS Network Technologies, Inc.

So approved:

New Jersey Turnpike Authority

By:   
Edward Gross  
Executive Director

c.c James Weinstein, NJDOT  
Louis Thurston, NJHA  
James Crawford, SJTA  
Walter Kristlibas, PANYNJ  
Anne Canby, DelDOT